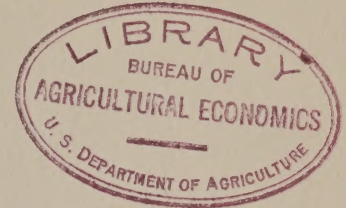


Issued December 1940

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Division of Information

THE WAR AND THE FARM MARKET



The war has improved the domestic market for the products of the American farm while greatly shrinking the foreign market.

The buying power of industrial workers, the best customers of the United States farmer, has been strengthened both by a substantial increase in the exports of industrial products from the United States and by the National Defense Program. These factors have been instrumental in the general improvement in business and industrial activity in this country. As a result, there has been a greater demand for farm products consumed in the United States. This has greatly improved the situation for such commodities as vegetables and dairy products which are marketed largely within the United States. The principal factor in the demand for such products is the amount of income available in the United States for their purchase.

Products which are marketed to an important extent outside of the United States, on the other hand, have had the foreign part of their market greatly curtailed. The war has caused practically all important farm exports from the United States to decline to a small proportion of their former level.

The charts that follow show that in August 1940, at the end of 12 months of war, our agricultural exports as a whole were 40 percent lower than during August 1939, the month before the outbreak of war, while nonagricultural exports had increased by 55 percent.

Agricultural exports during the 12 months preceding the outbreak of war made up about 22 percent of total United States exports. During the 10 years from 1923 to 1932---before the adoption of strict self-sufficiency programs by Germany and other foreign countries---agricultural exports averaged 39 percent of the United States total.

THE
OFFICE OF THE
SHERIFF

OF THE COUNTY OF

THE
OFFICE OF THE
SHERIFF

OF THE COUNTY OF

THE
OFFICE OF THE
SHERIFF

OF THE COUNTY OF

THE
OFFICE OF THE
SHERIFF

OF THE COUNTY OF

THE
OFFICE OF THE
SHERIFF

OF THE COUNTY OF

THE
OFFICE OF THE
SHERIFF

OF THE COUNTY OF

THE
OFFICE OF THE
SHERIFF

OF THE COUNTY OF

THE
OFFICE OF THE
SHERIFF

OF THE COUNTY OF

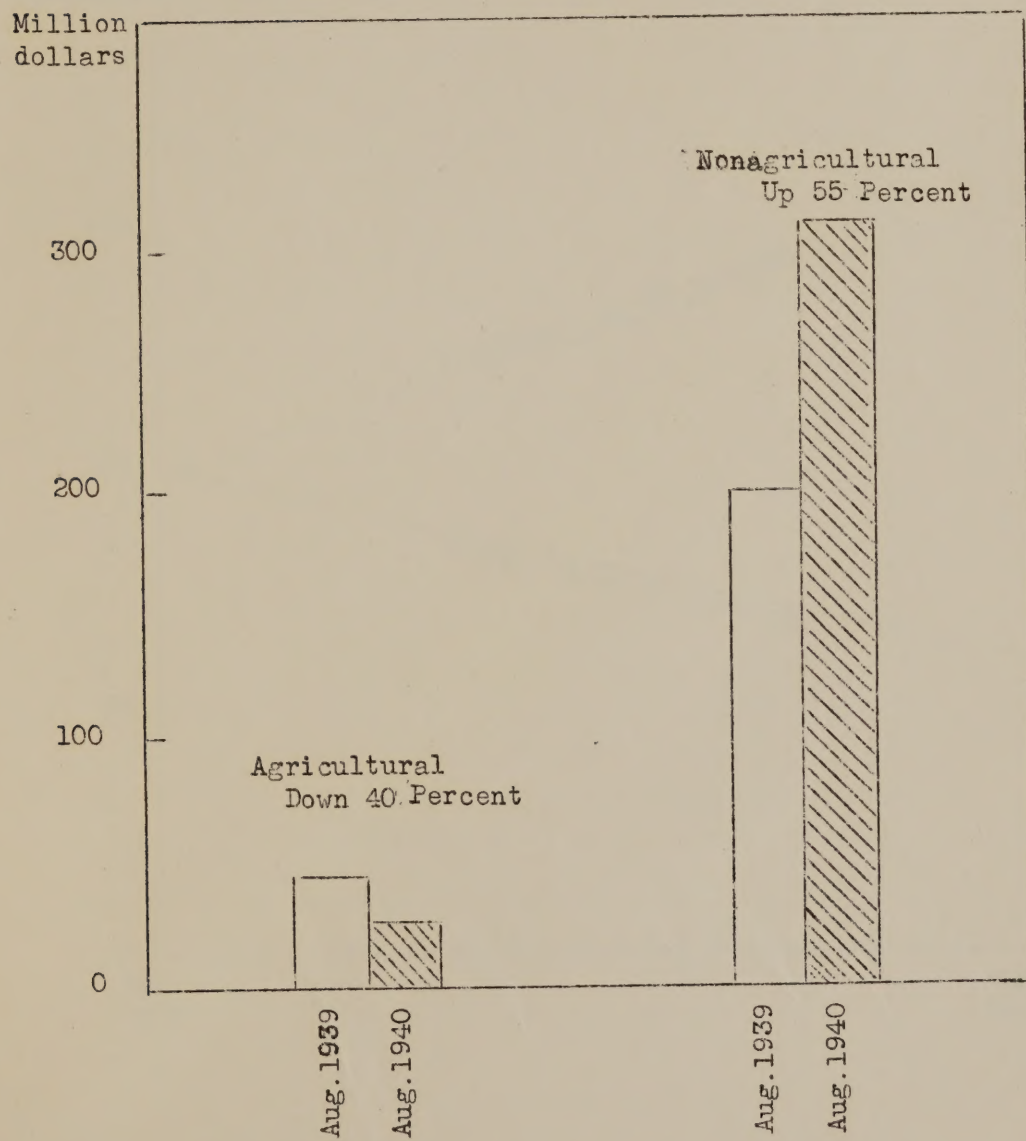
THE
OFFICE OF THE
SHERIFF

OF THE COUNTY OF

THE
OFFICE OF THE
SHERIFF

OF THE COUNTY OF

UNITED STATES EXPORTS, AUGUST 1939 and 1940

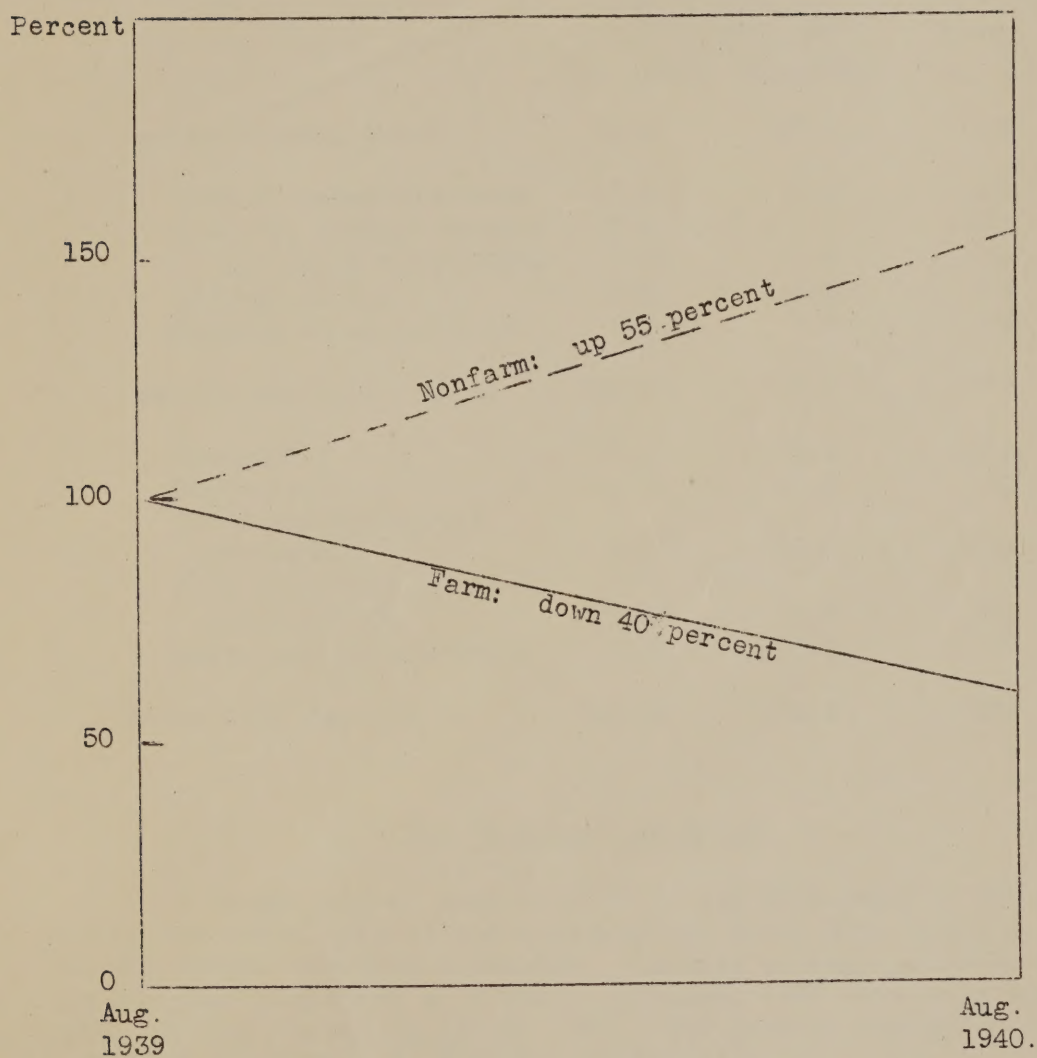


THE NEW YORK PUBLIC LIBRARY



INDEX OF FARM AND NONFARM EXPORTS, AUGUST 1939 AND 1940

(Aug. 1939=100)



Even more significant than total figures are the shifts in certain kinds of exports after a year of war, as shown in the table below. Note that cotton, tobacco, and fruits and nuts had each declined by more than 60 percent, and packing-house products by almost as great a proportion, while aircraft and iron- and steel-mill products had more than tripled. Comparisons with periods before the beginning of the feverish programs of war preparation which immediately preceded the outbreak of war would be even more striking.

U.S. Exports, August 1939 and 1940

	Value of Exports (million dollars)		Percent change
	<u>Aug. 1939</u>	<u>Aug. 1940</u>	
Agricultural, total	44.2	26.3	-40
Cotton, unmanufactured	11.6	3.6	-69
Tobacco, unmanufactured	7.9	3.1	-61
Grains and preparations	7.4	5.5	-26
Fruits and nuts	7.5	2.5	-67
Packing-house products	4.0	1.7	-57
Nonagricultural, total	203.2	315.5	+55
Aircraft	12.1	37.4	+209
Machinery	43.6	56.8	+30
Iron- and steel-mill products	17.7	58.8	+232
Iron and steel advanced manufactures	3.9	6.3	+61
Paper and manufactures	2.4	6.2	+158
Total U.S. exports	247.4	341.8	+38

The Continent of Europe

A large part of this decline in our farm exports has been due to the total loss of our agricultural trade with Germany, Italy, and the German-occupied countries. Exports of farm products to the European continent as a whole in August 1940 were only one-tenth of their level in August 1939. The portion remaining went principally to Finland, Greece, and Portugal.

The reduction to a minimum of imports of most farm products into the German market has been a principal aim of the present Government of Germany since its accession to power in 1933.

From a level well over 100 million dollars during the years preceding 1933, United States farm exports to Germany had fallen to less than 25 million dollars by the 12 month period immediately preceding hostilities in Europe. With the outbreak of war, the British blockade completed the job of cutting off this market. As an increasing number of continental markets came under German domination in the course of hostilities, the area to which agricultural products could be imported was decreased, until by August 1940 only a very few countries were still open.

In 1938, the last full calendar year before the war, the countries now controlled by Germany and Italy took about one-fourth of our farm exports. Continental Europe, as a whole, took about 30 percent of them.

The United Kingdom

Total United States exports to the United Kingdom increased 166 percent from August 1939 to August 1940, but farm exports were cut almost in half. In an effort to conserve her resources for such war necessities as airplanes and munitions, the United Kingdom has restricted its purchases of farm products in the United States by a number of wartime measures, particularly the following:

1. Expansion of agricultural production in the United Kingdom.
2. Rationing of food and other limitations on home consumption.
3. Increased trading with countries, such as the British colonies and dominions, that extend credit and accept pound sterling exchange.

Moreover, increased purchases of agricultural commodities from neutral countries have been made to prevent Germany from obtaining these products.

The United Kingdom was formerly our best customer for farm products. In 1938 the United Kingdom took 35 percent of all our agricultural exports.

ASIA

Our agricultural exports to Asia as a whole were cut down by about 30 percent from August 1939 to August 1940.

Most of this decline was due to a decrease of 79 percent in the exports of our agricultural products to Japan, which in the 12 months prior to the war had taken 7 percent of all our farm exports. While the shipment of our agricultural commodities to China increased 78 percent from August 1939 to August 1940, the quantity of goods involved was relatively small. China accounted for less than 2 percent of our farm exports in the year prior to the war.

The Western Hemisphere

Farm exports from the United States to other Western Hemisphere countries rose by more than one-fifth from August 1939 to August 1940.

This increase was due to a 14-percent rise in our agricultural exports to Canada and a 21-percent boost in our agricultural exports to Central and South America. Before the war, in 1938, Canada took 11 percent and Latin American countries took 6 percent of the total exports of agricultural commodities from the United States, accounting for all but a small fraction of our shipments to the Western Hemisphere.

It should be remembered that Canada and the nations of Latin America are on an export basis for some of the same agricultural commodities that the United States exports in substantial quantities.

All in all, there is no expectation that farm exports to the Western Hemisphere will come anywhere near making up for the heavy loss in our farm exports to Europe and Asia. Increased manufactured-product exports to the Western Hemisphere, however, may, under a program of hemisphere solidarity, stimulate United States industry and expand the domestic market for our farm products.

Outlook for the Future

Home consumption of dairy, poultry, and livestock products, as well as most fruits and vegetables, is likely to increase as a result of greater industrial production for export, for defense, and for economic growth in the United States. Producers of our basic export crops, on the other hand, may expect a continuation of bad news on foreign trade, at least for the duration of the war.

Practically, continental Europe can be counted out as a wartime market for our farm products. The United Kingdom will probably take few of our agricultural commodities because of its policy of satisfying its needs at home or elsewhere, although increased shipping difficulties or credits from the United States for agricultural purchases might alter this situation. Other possible foreign customers are very largely self-sufficient in food supplies, or they can obtain what they want from nearer sources.

